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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
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KRISTIN K. MAYES

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION OF
ARIZONA-AMERICAN WATER COMPANY FOR
APPROVALS ASSOCIATED WITH A
TRANSACTION WITH THE MARICOPA
COUNTY MUNICIPAL WATER
CONSERVATION DISTRICT NUMBER ONE.

DOCKET NO. W-01303A-05-0718

PROCEDURAL ORDER**BY THE COMMISSION:**

On October 11, 2005, Arizona-American Water Company ("Arizona-American" or "Company") filed with the Arizona Corporation Commission ("Commission") an application for certain approvals associated with a transaction with its Agua Fria Water District and the Maricopa County Municipal Water Conservation District Number One ("MWD") in order to enable Applicant to obtain treatment at the planned White Tanks Plant of a portion of Applicant's Central Arizona Project ("CAP") Water allocation. MWD proposes to construct a regional water-treatment facility known as the White Tanks Plant to treat surface water delivered over CAP facilities. In association with the planned transaction with MWD, Applicant requests Commission approval of the issuance of evidence of indebtedness in the amount of approximately \$37,414,000 for a 40-year capital lease obligation with an interest rate of 275 basis points over the long-term Treasury bond rate; approval of the transfer of certain assets to MWD; and approval of proposed increases to and extension of Applicant's existing CAP Hook-Up Fee tariff assessed to new-home construction. In association with the capital lease, Applicant also seeks Commission approval of its proposed ratemaking treatment and recovery method for capital and operating costs, and a prudence finding.

On January 4, 2006, the Residential Utility Consumer Office ("RUCO") filed an Application to Intervene. There has been no opposition to the Application.

IT IS THEREFORE ORDERED that the Application to Intervene by the Residential Utility Consumer Office is hereby granted.

1 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
2 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

3 DATED this 10th day of January, 2006
4

5 
6 TEENA WOLFE
7 ADMINISTRATIVE LAW JUDGE

8 Copies of the foregoing mailed
9 this 10 day of January, 2006 to:

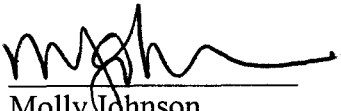
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28 By:


Molly Johnson
Secretary to Teena Wolfe